

# **MEETING SUMMARY NOTES**

## **Finance Work Group**

*April 23, 2003*

*3:30 p.m., Room 113, County-City Bldg.*

**MEMBERS:** Present - Brad Korell, Lowell Berg, Ron Ecklund, Bob Hampton,  
Connie Jensen, Polly McMullen, Tom Schleich, Roger Severin,  
Tim Thietje, Terry Werner, Larry Zink,  
Allan Abbott (nonvoting)

Absent - Jim Budde, Keith Brown, Mark Hesser, Dan Marvin, Richard  
Meginnis, Kent Seacrest, Otis Young

**OTHERS:** Kent Morgan, Lauren Wismer, Bill Giovanni, Ben Higgins,  
Nicole Fleck-Tooze, Don Herz, Margaret Remmenga,  
Hallie Salem, Michele Abendroth

### **AGENDA ITEMS DISCUSSION:**

#### **1. Welcome - Brad Korell, Work Group Chair**

Mr. Korell called the meeting to order at 3:34 p.m. and welcomed those present. He stated that today's agenda will include finalizing the street, highway and sidewalk funding report and the stormwater management plan and then discussion will proceed to parks. He noted that this is the last meeting of the Finance Work Group.

#### **2. Public Comment Period**

Mr. Korell asked if there were members of the public present who would like to address the Work Group at this time. There were none.

#### **3. Street, Highway, and Sidewalk Finance Recommendations**

Mr. Korell reviewed the changes to the draft *Street, Highway and Sidewalk Finance Recommendations* which were discussed at the last meeting of the Finance Work Group. The group had decided to eliminate the use of the term "catch up" in reference to street construction projects that had been deferred. A list of construction projects of high priority was added. The group had also decided to increase the budget for street maintenance by \$2.5 million for two years, and reference to that was made in the report. A paragraph was also added in reference to the group's decision to allocate \$6 million of G.O. bond proceeds to sidewalk maintenance. The addition of a section regarding maintaining continuity in presenting information was also added to the report.

Ms. Jensen asked if the funding sources that were considered but not endorsed by the group

could be included in the report. There was general agreement that it should be added to the first section of the report.

Mr. Zink stated that he would like to revisit the issue of the street rehabilitation cycle of 30 years for residential streets and 15 years for arterial streets. He stated that he believed the Committee had endorsed the policy recommendation concerning this issue; however, this group did not endorse this recommendation, but as a compromise, added money for two years for street rehabilitation. He would like to insert language as follows: *"The City should increase funding for street maintenance so that, if street conditions warrant, arterial streets could be resurfaced on average about every 15 years, while residential streets could be resurfaced on average about every 30 years."* He also asked that the actual recommendation include the following *"The Finance Work Group also recommends that in developing this program of periodic assessments, the City evaluate the merits and costs of enhanced resurfacing program goals of every 15 years for arterial streets and every 30 years for residential streets, and that while this street condition assessments program is being developed and implemented, the City increase the budget for street rehabilitation by \$2.5 million in both FY 2003-04 and FY 2004-05."* Mr. Abbott stated that as they evaluate the system, they would be able to come up with a proper resurfacing period. He does not have a problem with saying that it should be studied; however, he does not want it to mean that they should resurface regardless of the condition. Mr. Zink stated that as we move forward, this plan is going to be asking the City to fund a lot, and the more we can put in to overtly address the needs of the existing neighborhoods, the more receptive the existing neighborhoods will be.

In respect to highway allocation bonds, Mr. Zink requested that a sentence be added as follows: *"Because highway allocation bonds obligate the full faith and credit of the City without requiring a vote of its citizens, they should not be used to issue bonding in amounts beyond that which could be prudently be expected to be retired by reliable revenue sources other than property taxes."* He stated that his intent is not to foreclose the use of wheel tax for other sources, but to not knowingly issue bonds beyond what we think we have revenue for, and we'll have to go back to property taxes.

In the section regarding secondary funding approach, Mr. Zink would like a sentence that states, *"As noted by the Cost Savings and Efficiency Work Group, considerable cost savings/deferrals are possible by phasing in the infrastructure improvements called for in the Comprehensive Plan over a longer period of time. In the event that some of the additional fees and taxes outlined in these recommendations are not politically attainable, timely efforts should be made to involve the community in a process to amend the Comprehensive Plan such that it is more consistent with the resources available and yet continues to support reasonable growth needs."*

Mr. Korell asked if there were any other concerns with the report. Mr. Ecklund noted that he would like to not see the wheel tax or occupation fuel tax in the report, although he realizes those issues have already been decided.

Mr. Korell then asked for comments regarding Mr. Zink's recommendation on street rehabilitation. Mr. Schleich asked where the standard for the number of years came from. Mr. Abbott stated that there are not year criteria in place. Mr. Severin stated that he believes that

resurfacing should be based on condition inventory and standards. Mr. Ecklund stated that he does not believe that a number of years should be used. Mr. Werner stated that Mr. Zink's point about the public not supporting this bond issue is correct, as they want to know that there is some guarantee that the City is going to do something about this at some reasonable level. He believes there should be language to indicate that. Mr. Hampton stated that we should be able to include language that reassures the neighborhoods that the City is serious about this, but he does not believe that we should put a number of years in there. Mr. Korell stated that he is hearing arguments for having a stronger statement but not including a number of years, and then asked the group if they would feel comfortable in having Mr. Morgan, Mr. Zink and himself determine wording to that effect. There was no opposition from the group in regard to this suggestion.

In reference to the recommendation made by Mr. Zink regarding highway allocation bonds, Mr. Thietje asked if property taxes could be used for repayment of the highway allocation bonds. Mr. Wismer replied that they could. Mr. Thietje stated that this statement almost makes it sound like property taxes would not be used. Mr. Thietje and Mr. Hampton stated that they do not agree with this recommendation. Mr. Werner asked Mr. Thietje if property taxes should be one of the revenues. Mr. Thietje stated that if property tax revenues were available, the City should have the flexibility to use those monies to repay highway allocation bonds without a vote of the citizens. Mr. Ecklund stated that he believes the use of the word *prudent* in the current statement is sufficient. Mr. Zink stated that his intent is not to prohibit, but is a statement of policy. Mr. Zink stated that he is not hearing consensus for his recommendation, and subsequently, withdrew his recommendation.

In reference to Mr. Zink's recommendation regarding phasing of infrastructure development, Mr. Ecklund stated that he believes that this is how we got into this situation that we are in currently, as we slowed down infrastructure development to match funding. Mr. Zink stated that he believes if the bond issue fails twice, then it is prudent to reevaluate the Comp Plan relative to the revenue on hand. Mr. Berg stated that he does not believe that we need to state this. Mr. Zink stated that he believes we should slow down the phasing so that we can afford it, and he wants the citizens to be aware of the choices and consequences. Mr. Thietje stated that he feels this statement belongs more in the case statement than in this document. Mr. Abbott stated that they have put together a program that assumes the financing will go through and will allow us to finance Category 5. Mr. Thietje stated that he believes the City needs controlled, steady growth to be healthy. He is worried that this statement says that we are not in favor of growth. Mr. Abbott noted that every 5 years, the Comp Plan is reevaluated. Mr. Thietje also noted that there is a statement in the report that the CIP and Comp Plan be more connected. Mr. Korell asked the group who was in favor of Mr. Zink's wording as proposed. Two were in favor; the remainder were opposed.

#### **4. Vote on Final Report of Finance Work Group**

Mr. Korell then called for a vote on recommending the report to the full committee. Ten were in favor; Mr. Ecklund was opposed as he stated he objects to the wheel tax and occupation fuel tax.

#### **5. Implementation Program**

Mr. Korell briefly reviewed the *Recommended Implementation Program*. The basic message is that we need to move forward and recommend a public/private implementation process and actively support proposed fee and tax increases.

## **6. The Case for Increased Funding**

Next, Mr. Korell reviewed the document titled *The Case for Increased Funding*. He stated that there is a shift in philosophy to have road facilities constructed at the same time as development occurs. The document also included the following issues: building major traffic facilities to meet future needs, street funding needs are immediate, a concern for improving traffic flow, capitalizing on historically low interest rates, ensuring that a portion of property taxes support street improvements, and that local contractors are ready to meet the infrastructure construction challenge. Mr. Werner asked if we should include a statement to indicate that part of the whole formula is that the development community is paying their share in the form of impact fees. Mr. Hampton agreed that should be added, as well as off-site improvements. There was consensus that these should be added.

Mr. Thietje suggested noting in the document that there are maintenance issues which need to be addressed. He also pointed out that as you have growth on the edge, that growth has a tremendous impact on existing streets, and asked for that concept to be worked in to the document. Mr. Zink suggested stating that the G.O. bond is part of an overall package that addresses street rehabilitation. Mr. Severin suggested deleting the word *rapid* in the first sentence on item 1 when referring to expansion.

Mr. Werner commented that he will most likely abstain from voting on the final document.

## **7. Stormwater Management**

The next issue discussed was stormwater management. Mr. Korell asked Ms. Fleck-Tooze what her thoughts were on this issue. She stated that one option would be to increase the G.O. bond and another option is have the ability to create a stormwater utility. Mr. Korell asked Mr. Fleck-Tooze what her recommendation would be. Ms. Fleck-Tooze stated that there is the potential to have the resources available through G.O. bonds, but there is a concern that we could not count on that source. It should also be recognized that other flood improvement needs are not included in the report, but should be. Her recommendation is fourfold: first, to acknowledge that the costs are for projects that are needed for new growth areas and to continue making improvements in the existing areas; second, to acknowledge that costs relating to flood improvement projects are not included in the spreadsheet; third, the funding gap identified has the potential to be made up by issuing larger bond issues continuing in an every other year period; and fourth, to pursue adopting a stormwater utility.

It was noted that the stormwater utility recommendation was also made by the Legislative Work Group. Mr. Ecklund stated that he does not agree with the stormwater utility because he is confused about who is going to pay the rates and who is responsible for water quality mandates. Mr. Schleich stated that he does not know if the work group has examined LB32 enough to make

a comment. Mr. Hampton stated that his concern is that farmers are exempt, but parking lots, schools, and universities will pay a large amount. He is not comfortable with recommending something that the group has not discussed in depth. Ms. McMullen questioned if what is in the Comp Plan is sufficient. Ms. Fleck-Tooze stated that the work group could make reference to the existing strategy as an alternative. Mr. Korell asked if everyone was comfortable with Ms. Fleck-Tooze's recommendation, not including the stormwater utility. There was general consensus in agreement with this recommendation.

Mr. Korell questioned the group's agreement with Ms. Fleck-Tooze's recommendation regarding referencing the Comp Plan which says that we will continue to pursue stormwater utility districts. Mr. Zink noted his support of the stormwater utility. He understands that this group has not had time to review this issue, but the question is whether the group wants to keep putting more things in the G.O. bond in hopes that people will vote for it. He feels that the group should pursue other alternatives. The basic idea is that those who contribute the most pay the most. Mr. Schleich stated that from the vantage point of not having looked at the bill, there are many technical issues to be considered. Upon calling for a vote, ten members were in favor of this recommendation; Mr. Ecklund voted against the recommendation as he stated he is not ready to make that decision yet.

Due to some members having to depart early, Mr. Korell thanked each member of the work group for their time and efforts. He distributed a certificate signed by Mayor Wesely to each of the members. Mr. Schleich then thanked Mr. Korell for his efforts as well. Mr. Thietje in turn acknowledged and thanked the City staff for their work in this process.

## **8. Parks and Recreation**

Mr. Korell asked Lynn Johnson to review the capital improvements for Parks and Recreation. Mr. Johnson proceeded to review the capital improvement program for 12 years focusing on the basic facilities. He informed the group that these facilities are guided by the Comprehensive Plan. For neighborhood parks, the Comp Plan says that they should attempt to acquire and develop one acre of neighborhood parkland per 1,000 residents, and generally it should be located within the center of each square mile of residential development. Over the next 12 years, 13 new neighborhood parks are needed to accommodate that. There are three sites in the Comp Plan that are not developed, but are budgeted for development.

For community parks, the Comp Plan says that they should plan for acquisition and development of about 1.5 acres of community parkland per 1000 residents. For the next 12 years, Mr. Johnson stated that they need to look at developing one community park.

In reference to aquatic centers, the Comp Plan says that they should develop one new pool during the Comp Plan period. It says that they should be spread out and neighborhood accessible.

In regard to community space with schools, there are two ways to do this. One is an activity center, which is office space, storage space, and a community meeting room that should be in

every school. Another is community centers, like Belmont or Calvert Recreation Center. The Comp Plan says that about 7 of these sites are needed over the next 12 year period.

For trails, they are looking at 13.1 miles of new trails, and there are 17.5 miles of existing undeveloped trails. There are trails that do not meet current standards with a cost of \$3.5 million.

The parks and trails connections for the Antelope Valley Project is \$4.6 million.

Centennial Mall is a \$7 million project with the City funding half of that.

Mr. Johnson reported that the total need for the next 12 years is \$46 million. If you add the \$3.5 million for additional trails not included in the spreadsheet, the total is \$49.5 million. Funding sources include *keno* of approximately \$1 million annually, and *general revenue* funding of \$16.7 million. *Impact fees* has estimated revenue of \$3.6 million and goes toward development of neighborhood parks and trails. Impact fees should fund approximately 90% of the acquisition and development costs of neighborhood parks and about 55% of the acquisition and development costs for trails. *Transportation grants* is \$3.7 million, and *park grants* is \$1.2 million. Total anticipated revenue is \$37 million and the gap is almost \$9 million.

Mr. Johnson stated that there is no way the City can keep up with the school district funding community space in the schools. One of the ways to handle the gap is to fund them through common bond issues or a parallel City bond issuance and school bond issuance at the same time.

Mr. Werner questioned if there was a third kind of park. Mr. Johnson stated it is greenway space. Mr. Werner asked how that gets paid for. Mr. Johnson stated that the Parks and Recreation Advisory Board is suggesting that a partnership be developed with the community partners and private partners and develop a strategic approach. His suggestion is that there needs to be a strategy developed through a community engagement process. Mr. Werner asked why this was not included in the report. Mr. Johnson stated that the charge given to him was to target basic facilities.

Mr. Werner then asked Mr. Johnson if he included any increases in impact fees after the fifth year. Mr. Johnson stated that Planning generated these numbers, and he did not believe they included that.

Mr. Zink asked if putting Centennial Mall in the G.O. bond issue would help in the eyes of the voters. Mr. Korell asked Ms. McMullen what her thoughts were on Centennial Mall. Ms. McMullen stated that she believes that this should be a partnership with the State. She added that she does not feel there is a huge amount of support for this project and stated that it may be harmful to put it in the G.O. bond issue.

When asked for a recommendation, Mr. Johnson stated that the idea of a parallel bond issue would be helpful. Secondly, the neighborhood parks and trails impact fees are significant in the

budget. And third, there should be a broader strategy developed to deal with open space conservation.

Mr. Zink inquired about the effectiveness of bringing in trails to the G.O. bond issue, along with the sidewalks. Ms. McMullen stated that there is a lot of political support for trails. Mr. Ecklund stated that he is confused about the responsibility of the open space conservation and the roles of the City, the County, and the Natural Resources District.

Mr. Korell asked if everyone agreed with the concept of impact fees for parks and trails; there was no opposition. He then asked about the group's support of the community centers within the schools; again, there was no opposition.

Mr. Korell then inquired about the open space conservation and stated that the group could support Mr. Johnson's recommendation, reaffirm the Comp Plan, or say nothing. Mr. Ecklund asked about saying that the group is not ready to make a recommendation at this time. Mr. Werner stated he does not feel that the group would not be going out on a limb by supporting Mr. Johnson's recommendation. Mr. Schleich stated that he is unsure of what the Comp Plan says and does not feel comfortable voting on this issue. Mr. Thietje stated that he feels it should be included in the report. Mr. Korell questioned Mr. Johnson on whether his recommendation is stronger than what is in the Comp Plan. Mr. Johnson stated that in his recollection, the concepts are outlined in the Comp Plan, but actually stating that there needs to be a committee and a public engagement process started is a more proactive statement. Mr. Korell then called for a vote regarding the support of Mr. Johnson's recommendation. General consensus was reached to include it in the report with six voting yes, one voting no, and two abstaining.

Mr. Korell questioned the group on putting trails in the G.O. bond issue. Mr. Severin noted that the total of the bond issue would be over \$100 million. Five voted in favor with four abstaining.

Mr. Korell thanked Mr. Johnson for the information he provided and apologized for the short amount of time devoted to this issue.

## **9. Other Business**

Mr. Korell again thanked staff for their work. He also expressed his appreciation to Lauren Wismer and Bill Giovanni for their contributions. The group then thanked Mr. Korell for his leadership in this process.

## **10. Adjournment**

Mr. Korell adjourned the meeting at 5:28 p.m.